

## CENTRAL INTELLIGENCE AGENCY

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Propaganda 25X1A

1. In late June few radio sets were being purchased in Shanghai because people did not want to get involved in the procedures required for registration of radio sets, and did not want to be placed under surveillance of the authorities. All owners of short wave radio sets were suspected of listening to the Voice of America broadcasts and were watched closely.
2. In 1952 Communists were telling the people in Shanghai that for every Communist killed in Korea at least 13 Americans were killed. They said that with this favorable ratio and the huge population of China, America would soon lose the war. They claimed that they could take a few thousand American prisoners per day. The people believed them, until they discovered that the Communists had only taken about 10,000 prisoners of war. Communists countered this by saying that each time they took prisoners they released some. Communists also claimed they could take Hong Kong any time, and could take Taiwan within six months.

Industry and Trade

3. In late June government owned factories in Shanghai were operating only four

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days weekly and privately owned factories were operating only two days weekly because of a shortage of raw materials, especially cotton yarn. Large quantities of poor quality colored cotton goods were being imported at high prices from the USSR. Woolen goods, cameras, radios, bicycles, motorcycles, phonographs, phonograph records, and slide rules were being imported from East Germany and Czechoslovakia. The Czechoslovakian goods were of high quality but the prices were high. There was a shortage of gasoline in Shanghai, and busses in Shanghai were using charcoal for fuel.

#### Shipping and Shipbuilding

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4. In June the East China Area Transportation Department sent 18 ships from Shanghai to Ch'inhuangtao (119-35, 39-57) to transport coal to Shanghai. One million tons of coal was stored at Ch'inhuangtao and was to be transported to Shanghai by the end of 1952.
5. In mid-May a 700-ton Soviet freighter brought war materials to Shanghai. It left Shanghai in late May.
6. By May 1952 approximately 50 ships formerly owned by the (Nationalist) China Relief and Rehabilitation Administration and the China Navigation Company<sup>1</sup> had been remodeled into naval vessels. Approximately 20 former Nationalist naval vessels of the chung (0022) and hua (5478) classes had been converted into IST's. A former China Navigation Company ship, the YUAN P'EI (0337, 1014), which was remodeled into a naval ship and armed with two 75mm guns and 10 small caliber guns, was anchored at Chang Hua Pin (1728, 5478, 3453). All of the other remodeled ships were along Soochow Creek and along the Whangpoo halfway to Woosung.<sup>2</sup>

#### Commandeering of Japanese Fishing Boats

7. During 1951 the Chinese Communists captured 70 Japanese fishing boats. They returned the fishermen to Japan after detaining them for three months, but retained the boats and the Japanese flags. In May 1952 they had secretly armed these vessels and were going to sea in them posing as Japanese fishermen.

#### Soviets in Shanghai

8. In June some of the personnel of the Soviet Consulate in Shanghai were living on Avenue Joffre. The majority of Soviets in Shanghai lived along Hungjao Road. One group of Soviet technicians lived in a high building<sup>3</sup> near the Pai

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9. A large number of Soviets in June were living at Chenju (121-25, 31-17), near Shanghai. Some individuals, oriental in appearance and residing in the same areas of Chenju as the Soviets, told several Chinese in Shanghai that they are natives of Sinkiang. It is rumored in Shanghai that these persons are actually Soviet citizens.

#### Transfer of Students to Sinkiang

10. In June 1952 all members of the spring graduating class of St. John's University in Shanghai, were sent to Sinkiang Province by the central government to work for the Sinkiang government.<sup>4</sup>

1. Comment. Probably the China Merchants Steam Navigation Company is meant.

2. Comment. Other information on ships and naval activity in Shanghai was reported

3. Comment. This building may be the Broadway Mansions building.

4. Comment. In March in Shantung Province Chinese Communist authorities were conscripting women between the ages of 16 and 22 years to be sent to Sinkiang Province.

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